

**Community Mental Health Authority of
Clinton, Eaton, and Ingham Counties**

**Additional Reports Required by
*OMB Circular A-133***

Year Ended September 30, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name CMH of Clinton, Eaton, Ingham Counties	County Clinton/Eaton/Ingham
Fiscal Year End September 30, 2007	Opinion Date February 20, 2008	Date Audit Report Submitted to State March 2008	

We affirm that:

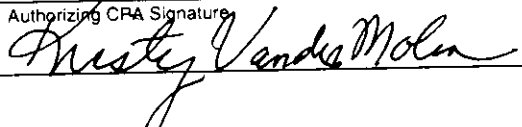
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) BDO Seidman, LLP		Telephone Number 269-382-0170	
Street Address 211 East Water Street, Suite 300		City Kalamazoo	State MI
		Zip 49007	
Authorizing CPA Signature 		Printed Name Kristy VanderMolen	License Number 1101020549

Community Mental Health Authority of Clinton, Eaton, and Ingham Counties

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Finance and Audit Committee
Community Mental Health Authority of
Clinton, Eaton, and Ingham Counties
Lansing, Michigan

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Community Mental Health Authority of Clinton, Eaton, and Ingham counties (the Authority), as of and for the year ended September 30, 2007, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Finance and Audit Committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BDO Seidman, LLP

Certified Public Accountants

February 20, 2008



BDO Seidman, LLP
Accountants and Consultants

211 East Water Street, Suite 300
Kalamazoo, Michigan 49007
Telephone: (269) 382-0170
Fax: (269) 345-1666

Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Finance and Audit Committee
Community Mental Health Authority of
Clinton, Eaton, and Ingham Counties
Lansing, Michigan

Compliance

We have audited the compliance of the Community Mental Health Authority of Clinton, Eaton, and Ingham Counties (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that are applicable to each of its major federal programs for the year ended September 30, 2007. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.



Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in the Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Authority, as of and for the year ended September 30, 2007, and have issued our report thereon dated February 20, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements.



BDO Seidman, LLP
Accountants and Consultants

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Finance and Audit Committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BDO Seidman, LLP

Certified Public Accountants

February 20, 2008

<i>Federal Grantor/Pass Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass- Through Grantor Number</i>	<i>Approved Award/ Grant Amount</i>
U.S. Department of Health and Human Services:			
Direct Grant:			
Substance Abuse & Mental Health Services Administration (SAMHSA)	93.104	SM57044-01	\$ 700,738
Substance Abuse & Mental Health Services Administration (SAMHSA)	93.104	SM57044-01	1,503,332
<i>Total Substance Abuse & Mental Health Services Administration</i>			
<i>Passed-through Michigan Department of Community Health:</i>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	02B1MISAPT	88,846
Block Grant for Prevention and Treatment of Substance Abuse	93.959	02B1MISAPT	69,517
<i>Total Passed-through Michigan Department of Community Health</i>			
<i>Passed-through Michigan Department of Community Health:</i>			
Block Grants for Community Mental Health Services:			
Wraparound Coordination	93.958	05B1CMHS-03	87,461
Wraparound Coordination	93.958	06B1MICMHS-03	75,000
Transitional Youth Services	93.958	05B1CMHS-03	69,000
Transitional Youth Services	93.958	06B1MICMHS-03	69,342
Juvenile Justice	93.958	05B1CMHS-03	174,092
Juvenile Justice	93.958	06B1MICMHS-03	212,518
Co-Occurring Disorders: Integrated Dual Disorders Treatment	93.958	05B1CMHS-03	53,400
Co-Occurring Disorders: Integrated Dual Disorders Treatment	93.958	20071303-1	95,218
Parent Management Training	93.958	05B1CMHS-03	40,000
Creative Recovery	93.958	06B1MICMHS-03	25,898
Anti-Stigma	93.958	06B1MICMHS-03	52,065
JIMHO Equipment	93.958	05B1CMHS-03	5,500
JIMHO Equipment	93.958	06B1MICMHS-03	7,000

Community Mental Health Authority of Clinton, Eaton, and Ingham Counties

Schedule of Expenditures of Federal Awards Year Ended September 30, 2007

<i>Accrued (Deferred) Revenue, Beginning of Year</i>	<i>Federal Revenue Received</i>	<i>Other Revenue Recognized</i>	<i>Federal Expenditures</i>	<i>Other Expenditures</i>	<i>Accrued (Deferred) Revenue, End of Year</i>	<i>Federal Revenue Recognized in Basic Financial Statements</i>
\$ 478,539	\$ 478,539	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	688,313	-	688,313	688,313
478,539	478,539	-	688,313	-	688,313	688,313
649	649	-	-	-	-	-
-	75,258	25,086	75,258	25,086	-	75,258
649	75,907	25,086	75,258	25,086	-	75,258
17,782	17,782	-	-	-	-	-
-	61,211	-	75,000	-	13,789	75,000
16,219	16,219	-	-	-	-	-
-	33,099	-	40,513	-	7,414	40,513
53,932	53,932	-	-	-	-	-
-	157,216	-	206,518	-	49,302	206,518
24,164	24,164	-	-	-	-	-
-	56,949	-	81,534	-	24,585	81,534
38,194	38,194	-	-	-	-	-
-	16,550	-	25,554	-	9,004	25,554
-	9,440	-	22,166	-	12,726	22,166
2,927	2,927	-	-	-	-	-
-	4,091	-	7,000	-	2,909	7,000
153,218	491,774	-	458,285	-	119,729	458,285

See accompanying notes to Schedule of Expenditures of Federal Awards.

<i>Federal Grantor/Pass Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass- Through Grantor Number</i>	<i>Approved Award/ Grant Amount</i>
U.S. Department of Health and Human Services (Concluded):			
<i>Passed-through Michigan Department of Community Health (Concluded):</i>			
Homeless Youth Outreach Expansion Project	93.150	SMX060023K	\$ 75,000
Mental Health Services for the Homeless	93.150	SMX 060023K	93,523
Mental Health Services for the Homeless	93.150	SMX 060023K	68,000
McKinney Homeless Act	93.150	SMX 060023K	15,000
McKinney Homeless Act	93.150	SMX 060023K	15,000
Child Care and Development Block Grant	93.575	0401MICCDF	70,997
Child Care and Development Block Grant	93.575	20070500	73,837
Children with Serious Emotional Disturbance (SEDW)	93.778	20071703	206,501
Medical Assistance Program	93.778		330,915
Medical Assistance Program	93.778		330,915
<i>Total Passed-through Michigan Department of Community Health</i>			
<i>Passed-through Michigan Department of Human Services:</i>			
Wraparound Coordination (Title IV-E)	93.556	WRAP-05-33001-2	60,000
Wraparound Coordination (Title IV-E)	93.556	WRAP-05-3301-03	60,000
<i>Total Passed-through Michigan Department of Human Services</i>			
Total U.S. Department of Health and Human Services			

Community Mental Health Authority of Clinton, Eaton, and Ingham Counties

Schedule of Expenditures of Federal Awards Year Ended September 30, 2007

<i>Accrued (Deferred) Revenue, Beginning of Year</i>	<i>Federal Revenue Received</i>	<i>Other Revenue Recognized</i>	<i>Federal Expenditures</i>	<i>Other Expenditures</i>	<i>Accrued (Deferred) Revenue, End of Year</i>	<i>Federal Revenue Recognized in Basic Financial Statements</i>
\$ -	\$ 60,472	\$ -	\$ 75,000	\$ -	\$ 14,528	\$ 75,000
16,354	16,354	-	-	-	-	-
-	46,784	-	68,000	-	21,216	68,000
3,750	3,750	-	-	-	-	-
-	11,250	-	15,000	-	3,750	15,000
20,104	138,610	-	158,000	-	39,494	158,000
8,273	8,273	-	-	-	-	-
-	61,879	-	73,837	-	11,958	73,837
8,273	70,152	-	73,837	-	11,958	73,837
-	608	-	51,392	-	50,784	51,392
73,673	73,673	-	-	-	-	-
-	171,143	-	225,931	-	54,788	225,931
73,673	245,424	-	277,323	-	105,572	277,323
255,268	945,960	-	967,445	-	276,753	967,445
3,669	3,669	-	-	-	-	-
-	54,903	-	59,954	-	5,051	59,954
3,669	58,572	-	59,954	-	5,051	59,954
738,125	1,558,978	25,086	1,790,970	25,086	970,117	1,790,970

See accompanying notes to Schedule of Expenditures of Federal Awards.



<i>Federal Grantor/Pass Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass- Through Grantor Number</i>	<i>Approved Award/ Grant Amount</i>
U.S. Department of Housing and Urban Development -			
<i>Passed through the Office of Community Planning and Development:</i>			
Supportive Housing Program	14.235	M128B200006R	\$ 49,875
Supportive Housing Program	14.235	M127005	49,875
Total U.S. Department of Housing and Urban Development			
Total Federal Programs			

Community Mental Health Authority of Clinton, Eaton, and Ingham Counties

Schedule of Expenditures of Federal Awards Year Ended September 30, 2007

<i>Accrued (Deferred) Revenue, Beginning of Year</i>	<i>Federal Revenue Received</i>	<i>Other Revenue Recognized</i>	<i>Federal Expenditures</i>	<i>Other Expenditures</i>	<i>Accrued (Deferred) Revenue, End of Year</i>	<i>Federal Revenue Recognized in Basic Financial Statements</i>
\$ 13,262	\$ 13,262	\$ -	\$ -	\$ -	\$ -	\$ -
-	33,760	-	49,874	-	16,114	49,874
13,262	47,022	-	49,874	-	16,114	49,874
\$ 751,387	\$ 1,606,000	\$ 25,086	\$ 1,840,844	\$ 25,086	\$ 986,231	\$ 1,840,844

See accompanying notes to Schedule of Expenditures of Federal Awards.

Community Mental Health Authority of Clinton, Eaton, and Ingham Counties

Substance Abuse Prevention and Treatment Schedule of Budgeted, Reported, and Audited Amounts – Year Ended September 30, 2007

<i>Fund Source</i>	<i>Budgeted</i>	<i>Reported</i>	<i>Audited Expenditures</i>	<i>Reported/ Audited Variance</i>	<i>Local Match</i>
A. State Agreement					
Community Grant	\$ 69,517	\$ 75,258	\$ 75,258	\$ -	\$ -
SDA	-	-	-	-	-
SIG	-	-	-	-	-
Methamphetamine	-	-	-	-	-
A. Subtotal	69,517	75,258	75,258	-	-
B. Medicaid					
Current Year PEPM (Federal and State)	-	-	-	-	-
Reinvestment Savings	-	-	-	-	-
B. Subtotal	-	-	-	-	-
C. Adult Benefit Waiver (ABW)					
Current Year PEPM (Federal share only)	-	-	-	-	-
C. Subtotal	-	-	-	-	-
D. MI Child					
Current Year PEPM	-	-	-	-	-
D. Subtotal	-	-	-	-	-
E. Local					
Current Year PA2	-	-	-	-	-
PA2 Fund Balance	-	-	-	-	-
Other Local (R325.4152 excluding subsection (1)(b))	-	-	-	-	-
E. Subtotal	-	-	-	-	-
F. Fees and Collections - Subtotal (R325.4151 (1)(d))	-	-	-	-	-
G. Other Contracts and Sources (Subtotal)	-	-	-	-	-
Grand Total of Subtotals A-G	\$ 69,517	\$ 75,258	\$ 75,258	\$ -	\$ -
Amount Billable to MDCH (Section A audited subtotal)			\$ 75,258		
Total MDCH Payments			-		
(Overpayment)/Underpayment			\$ 75,258		
Local Match Funds Total					\$ -
Local Match Requirement [(Grand Total of Audited Expenditures-B-C-D-G) * 10%]					7,526
Local Match (Shortfall)/Excess					\$ (7,526)

See accompanying notes to Schedule of Expenditures of Federal Awards.

<i>Program</i>	<i>Final Budget (net of Fees and Medicaid)</i>	<i>Reported (net of Fees and Medicaid)</i>	<i>Audited Expenditures</i>			
			<i>Gross</i>	<i>Less Medicaid</i>	<i>Less Fees</i>	<i>Net</i>
Central Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prevention	69,517	75,258	75,258	-	-	75,258
Treatment	-	-	-	-	-	-
Women's Services	-	-	-	-	-	-
HIV/EIP Training	-	-	-	-	-	-
SIG	-	-	-	-	-	-
Methamphetamine	-	-	-	-	-	-
Other	-	-	-	-	-	-
	\$ 69,517	\$ 75,258	\$ 75,258	\$ -	\$ -	\$ 75,258

Reconciliation of PA2 Funds:

Beginning balance	\$ -
Additions	-
Expended	-
Ending balance	\$ -

Community Mental Health Authority of Clinton, Eaton, and Ingham Counties

Substance Abuse Prevention and Treatment Schedule of Expenditures and Funding Sources by Program – Year Ended September 30, 2007

<i>Audited Funding Sources</i>															
<i>State</i>	<i>SDA</i>	<i>Other Local</i>	<i>PA2</i>	<i>ABW</i>	<i>MI Child</i>	<i>Other</i>	<i>Total Funding</i>	<i>Reported / Audited Variance</i>							
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -						\$ -	\$ -
75,258	-	-	-	-	-	-	75,258	-							
-	-	-	-	-	-	-	-	-							
-	-	-	-	-	-	-	-	-							
-	-	-	-	-	-	-	-	-							
-	-	-	-	-	-	-	-	-							
-	-	-	-	-	-	-	-	-							
-	-	-	-	-	-	-	-	-							
\$ 75,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,258	\$ -							

Reconciliation of Medicaid Managed Care Funds (PEPM):

PEPM payments received	\$ -
Medicaid savings carryover	-
Funds expended	-
Medicaid savings carryforward	-
Returned to PIHP	\$ -

See accompanying notes to Schedule of Expenditures of Federal Awards.

Community Mental Health Authority of Clinton, Eaton, and Ingham Counties

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

The accounting policies of the Community Mental Health Authority of Clinton, Eaton, and Ingham Counties (the Authority) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the Authority's significant accounting policies for its federal grants:

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Property and Equipment

Property and equipment costs are charged to program costs as incurred.

2. Description of Grant Programs

Substance Abuse & Mental Health Services Administration - This program strives to improve outcomes for children with and/or at risk for mental, substance use and/or co-occurring disorders, and their families by increasing access to a continuum of comprehensive, integrated, culturally, and linguistically competent services and supports that include prevention, early intervention, and treatment.

Block Grant for Prevention and Treatment of Substance Abuse - This program provides services to substance abusers. Services include outpatient counseling, correctional assessment and treatment, residential, older adult substance abuse prevention and treatment, dual diagnosis, and recovery. Funding is provided to the Authority through agreements with the Mid-South Substance Abuse Commission.

Community Mental Health Authority of Clinton, Eaton, and Ingham Counties

Notes to Schedule of Expenditures of Federal Awards

Block Grants for Community Mental Health Service:

Wraparound Coordination - This program provides services needed to reinforce family strengths and foster self-sufficiency for children with severe emotional disorders. Funding is provided through agreements with the Michigan Department of Community Health.

Transitional Youth Services - This program provides a transitional bridge between children and adult mental health service systems, and provides linkages to educational, vocational, and other community services. Funding is provided through agreements with the Michigan Department of Community Health.

Juvenile Justice - This program provides funding to develop programs and training to local governments in planning, establishing, funding, operating, and evaluating juvenile delinquency programs. Funding is provided through agreements with the Michigan Department of Community Health.

Co-Occurring Disorders: Integrated Dual Disorders Treatment - The focus of the program is to provide individuals with co-occurring serious mental illness and substance abuse disorder with services that support their recovery. Funding is provided through agreements with the Michigan Department of Community Health.

Parent Management Training - The focus of the program is to provide training to practitioners so that they can learn how to be more helpful to parents who are struggling with children with serious behavioral problems. Funding is provided through agreements with the Michigan Department of Community Health.

JIMHO Equipment - This program purchases equipment to assist with the primary mentally ill individuals working within their own recovery plan. Funding is provided through agreements with the Michigan Department of Community Health.

Homeless Youth Outreach Expansion Project - This program provides funds for education and prevention services to runaway, homeless, and street youth. Funding is provided through agreements with the Michigan Department of Community Health.

Community Mental Health Authority of Clinton, Eaton, and Ingham Counties

Notes to Schedule of Expenditures of Federal Awards

Block Grants for Community Mental Health Services (Continued):

Mental Health Services for the Homeless - This program provides intervention services to homeless individuals. Primary services include home-finding and long-term outreach counseling. Funding is provided through agreements with the Michigan Department of Community Health.

McKinney Homeless Act - This program provides support services to individuals with mental illness who are homeless or at imminent risk of homelessness.

Child Care and Development Block Grant - The focus of this program is to provide childcare consultation to Clinton, Eaton, and Ingham Counties. Funding is provided through agreements with the Michigan Department of Community Health.

Medical Assistance Program - This program provides preadmission screenings for nursing home admissions and initial resident reviews. Funding is provided through agreements with the Michigan Department of Community Health.

Wraparound (Title IV E) - This program provides technical assistance and support to families with children at imminent risk of removal. Funding is provided by the Michigan Department of Human Services.

Supportive Housing Program - This program promotes development of supportive housing and supportive services for individuals transitioning from homelessness. Funding is provided through agreements with the Office of Community Planning and Development.

Respite - The purpose of the project is for the provision of respite services for children and adolescents with serious emotional disturbance and their families. Respite services are planned, accessible services that give relief to parents/caregivers of children with serious emotional disturbance to lessen stress and provide an opportunity for improved relationships and functioning for all involved. Funding is provided through agreements with the Michigan Department of Community Health.

Community Mental Health Authority of Clinton, Eaton, and Ingham Counties

Notes to Schedule of Expenditures of Federal Awards

Block Grants for Community Mental Health Services (Concluded):

Children with Serious Emotional Disturbance (SEDW) - The focus of the program is to provide 1915 (c) Home and Community Based Waiver Services, as approved by Centers for Medicare and Medicaid Services (CMS) for children with Serious Emotional Disturbances, along with state plan services in accordance with the Medicaid Provider Manual.

Creative Recovery - The focus of this program is to empower individuals with serious mental illness to share and effectively speak for themselves about their desires and dreams through the creative arts, focusing on their strengths and talents.

Anti-Stigma - This program provides education to individuals using mediums of all kinds to promote awareness and reduce stigma. Consumers with a mental illness diagnosis will be responsible for the development of the educational/training materials and for providing the training/presentations.

Community Mental Health Authority of Clinton, Eaton, and Ingham Counties

Summary of Auditors' Results and Schedule of Findings and Questioned Costs - Year Ended September 30, 2007

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting: Material weaknesses identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	No (none reported)
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weaknesses identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	No (none reported)
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of <i>Circular A-133</i> ?	No

Identification of major programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
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93.958	Block Grants for Community Mental Health Services
93.104	Substance Abuse & Mental Health Services Administration

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.



BDO Seidman, LLP
Accountants and Consultants

211 East Water Street, Suite 300
Kalamazoo, Michigan 49007
Telephone: (269) 382-0170
Fax: (269) 345-1666

February 20, 2008

Board of Directors and Management
Community Mental Health Authority of
Clinton, Eaton, and Ingham Counties
812 East Jolly Road, Suite 210
Lansing, Michigan 48910

Dear Members of the Board, Executive Director, and Finance Director:

Professional standards require us to advise you of the following matters relating to our recently completed audit of Community Mental Health Authority of Clinton, Eaton, and Ingham Counties (the Authority) as of and for the year ended September 30, 2007. The matters discussed herein are those that we have noted as of February 20, 2008, and we have not updated our procedures regarding these matters since that date to the current date.

Our Responsibility Under Generally Accepted Auditing Standards

As stated in our engagement letter dated October 2, 2007, our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. An audit in accordance with generally accepted auditing standards does not provide absolute assurance or guarantee the accuracy of the financial statements and is subject to the inherent risk that errors or fraud, if they exist, have not been detected. Such standards also require that we obtain a sufficient understanding of the Authority's internal control to plan the audit. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Overview of Planned Scope and Timing of the Audit

A discussion was held on October 2, 2007, at the Authority's location attended by Pamela Torres and Suzanne Stolz (Authority Finance) and Doug Havera, Kristy VanderMolen, Sara Sosinski, Lauren Springer, and Stephen Mestdagh of BDO Seidman, LLP, regarding the planned scope and timing of the audit, the intention of which was to assist those charged with governance in understanding better the consequences of our audit work on your oversight responsibilities along with assisting us in understanding better the Authority and its environment. The focus of this discussion included how the risks of material misstatement, whether due to error or fraud, would be addressed and on factors, rather than specific thresholds or amounts, that would impact materiality used in our planning and execution of the audit.

Management Judgments and Accounting Estimates

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. We have made tests of management's estimates and deemed them to be appropriate.



There were no material contingencies, as defined in FASB Statement No. 5, for which we had questions or concerns about the reasonableness of the accounting or the adequacy of the consolidated financial statement disclosure.

Misstatements

Professional standards require the auditor to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Additionally, we are required to communicate with those charged with governance uncorrected misstatements and the effect that they may have on the opinion in the auditor's report, and request their correction.

During our audit, management identified and provided us with 16 journal entries. There were no significant audit adjustments identified in our audit procedures.

Adoption of a Change in Accounting Principle

There were no situations involving the adoption of or a change in accounting principles where the application of alternative generally accepted accounting principles, including alternative methods of applying an accounting principle, would have a material effect on the Authority's financial statements.

Disagreements with Management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial, accounting, reporting, or auditing matter that could be significant to the Authority's financial statements or the audit report. No such disagreements arose during the course of our audit.

Consultation with Other Accountants

There may be circumstances where the Authority considers consulting with other accountants about accounting and auditing matters. We are not aware of any consultations about accounting or auditing matters between management and other accountants. We are also not aware of opinions obtained by management from other accountants on the application of generally accepted accounting principles.

Significant Issues Discussed with Management Prior to Our Retention

Prior to our being retained as auditor for the current fiscal year, there were no significant accounting or other issues of concern discussed with management.

Material Alternative Accounting Treatments Discussed with Management

During the past year, there were no discussions with management concerning material alternative accounting treatments.



Significant Difficulties Encountered in Performing the Audit

There were no significant difficulties encountered during the course of the audit. All records and information requested by BDO Seidman were freely available for inspection. Management and other personnel provided full cooperation.

Representations Requested from Management

Refer to the management representation letter that we have provided to those charged with governance.

Other Issues Arising from the Audit that We Consider Significant and Relevant to Those Charged with Governance

There were no other issues arising from the audit that we consider significant and relevant to those charged with governance.

Internal Control Matters

We have communicated, in writing, to management and those charged with governance that we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Independence

Generally accepted government auditing standards require BDO Seidman, LLP, to be independent both in fact and appearance. We are not aware of any relationships between BDO Seidman, LLP, and the Authority that, in our professional judgment, may reasonably be thought to bear on our independence. We confirm that as of February 20, 2008, and throughout the September 30, 2007, audit, we were independent accountants with respect to the Authority in accordance with the requirements of the standards.

* * * * *

Should you desire further information concerning these matters, we will be happy to meet with you at your convenience.

This letter is solely for the internal use of those charged with governance and management of the Authority and should not be distributed to any other persons or used for any other purpose.

Very truly yours,

BDO SEIDMAN, LLP

BDO Seidman, LLP

Certified Public Accountants